

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 /089 W

----- 020546

P 150840Z JUL 76

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC PRIORITY 4878

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY PRETORIA

UNCLAS JOHANNESBURG 1143

E.O. 11652: N/A

TAGS: BEXP, ECON, EIND, SF

SUBJECT: COMMERCIAL PROGRAM: UPDATE MARKET RESEARCH FOR PRINTING
AND GRAPHIC ARTS (PGA) EQUIPMENT

REF: A) USDOC 11107, B) JOHANNESBURG 0400, C) JOHANNESBURG A-58

SUMMARY: THE REPUBLIC OF SOUTH AFRICA (RSA) IS A
PROSPEROUS AND RELATIVELY ADVANCED COUNTRY WITH A GROSS NATIONAL
PRODUCT EXCEEDING \$30 BILLION. TOTAL US EXPORTS TO SOUTH AFRICA
EXCEEDED \$1.2 BILLION FOR 1975, OF WHICH AN ESTIMATED \$5-6 MILLION
WERE OF PRINTING AND GRAPHIC ARTS EQUIPMENT(PGA). THIS REPRESENTS
A MARKET SHARE OF ABOUT 20 PERCENT, A SHARE WHICH HAS STEADILY
BEEN DECREASING FROM 25,3 PERCENT IN 1971, 21,3 PERCENT IN 1972,
20,1 PERCENT IN 1973 AND 19.7 PERCENT IN 1974. THE MAIN COMPETITORS
IN THIS MARKET ARE THE UNITED KINGDOM AND THE FEDERAL REPUBLIC
OF WEST GERMANY, WHO ACCOUNT FOR ABOUT A THIRD EACH OF THE MARKET.
THESE TWO COUNTRIES MARKET SHARE DOES NOT APPEAR TO BE INCREASING
SIGNIFICANTLY WHILE OTHER THIRD COUNTRY SUPPLIERS SUCH AS
SWEDEN, FRANCE AND JAPAN ARE GRADUALLY MAKING INROADS INTO THE
MARKET, TO THE DETRIMENT OF US SUPPLIERS IN THIS FIELD.
THIS REPORT IS NOT AN UPDATE ON THAT CONTAINED IN OURTEL 0400

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APRIL 22 1974 MARKET SITUATION BASICALLY SIMILAR. PREVIOUS

REPORTS SETS OUT STATE OF INDUSTRY FULLY AND IN THE MAIN STILL APPLIES. TRADE (IMPORT) STATISTICS IN OUR A-58 IN SUPPORT OF THIS MESSAGE HAVE BEEN BROKEN DOWN TO IDENTIFY BTN CLASSIFICATIONS IN THOSE PGA GROUPINGS. THOSE SECTIONS OF PREVIOUS REPORT WHICH STILL APPLY ARE THEREFORE A4, BLA, BLB, 2, 3, DOMESTIC MARKET PROFILE AND MOST DUTY RATES (AS AMENDED). END OF SUMMARY

GENERAL COMMENTS:

AT THE OUTSET THEREFORE, AND JUDGING FROM THE AFOREMENTIONED OBSERVATIONS, IT WOULD SEEM THAT THERE IS A NEED FOR A CATALOG DISPLAY OF AMERICAN PRINTING AND GRAPHIC ARTS EQUIPMENT IN THE RSA IN ORDER TO COMBAT THE GRADUAL SLIDE IN SALES OF US EQUIPMENT. ALTHOUGH THE US SHARE OF THE MARKET IS NOT INSIGNIFICANT, THIS POST WOULD WELCOME A PRODUCT LITERATURE DISPLAY TO STIMULATE LAGGING LOCAL INTEREST IN US PRODUCTS IN THIS FIELD.

AN INTERESTING COMMENT MADE BY A WELL-INFORMED TRADE SOURCE IS THAT WHEREAS THE SOUTH AFRICAN FIRMS MOST ACTIVE IN THIS FIELD ARE CURRENT WITH LATEST DEVELOPMENTS IN PRINTING AND GRAPHIC ARTS, MOST WILL TRAVEL TO EUROPE TO ATTEND TRADE SHOWS AND EXPOSITIONS IN THAT FIELD BECAUSE OF THE SUPPOSED EXPENSE INVOLVED IN TRAVELLING TO THE UNITED STATES. THIS, COUPLED WITH TRADITIONAL SOUTH AFRICAN TRADE LINKS WITH EUROPEAN COUNTRIES, COULD BE A FACTOR INFLUENCING THE DECLINE IN SALES OF US EQUIPMENT IN THIS FIELD LOCALLY. IT WOULD THEREFORE SEEM, ASSUMING THIS TO BE TRUE, THAT A STRONG CASE DOES EXIST FOR BRINGING INFORMATION ABOUT AMERICAN PRODUCTS, COUPLED WITH THE PRESENCE OF AN INDUSTRY EXPERT, TO THE DOORSTEP OF SOUTH AFRICAN DISTRIBUTORS AND AGENTS FOR THIS TYPE OF EQUIPMENT.

MARKET SIZE: A TABLE GIVING AN INDICATION OF THE MARKET SIZE FOR PGA EQUIPMENT HAS BEEN FORWARDED BY POUCH PER JOHANNESBURG A-58 DATED JULY 14, 1976 MARKED FOR OIM (TABLE TOO EXTENSIVE TO BE CONVEYED BY CABLE). TRADE SOURCES HAVE INDICATED THAT A GENERAL GROWTH RATE OF BETWEEN 10 AND 12 PERCENT CAN BE EXPECTED, ALTHOUGH A PERUSAL OF THE STATISTICS IN THIS TABLE SHOW THAT IN THE YEARS 1971 THROUGH 1975 THIS MARKET HAS VIRTUALLY DOUBLED INDICATING AN AVERAGE GROWTH RATE OVER THE PAST FOUR YEARS OF ABOUT 25 PERCENT. WHEN THIS WAS POINTED OUT TO INFORMATION SOURCES THEY APPEARED TO BE TAKEN ABACK AND COULD ONLY ATTRIBUTE WHAT WOULD APPEAR TO BE A SUBSTANTIAL GROWTH RATE TO THE FACT THAT DURING 1970 AND 1971 THE INDUSTRY EXPERIENCED A SLUMP DUE TO UNCLASSIFIED

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THE ESTABLISHMENT OF INHOUSE PRINTING WORKS. THEIR REASONING WAS THAT COMMERCIAL PRINTERS AND EQUIPMENT SUPPLIERS HAD SUDDENLY TO COMPETE TO A FAR GREATER EXTENT TO REGAIN THEIR POSITION IN THE MARKET WITH THE EFFECT THAT STANDARDS HAD TO IMPROVE TO WIN BACK CUSTOMERS AND CONSEQUENTLY FAR MORE SOPHISTICATED AND EFFICIENT EQUIPMENT HAD TO BE LOCATED AND MARKETED. WHERE PROJECTIONS OF MARKET SIZE FOR THE YEARS TO 1980

ARE CONCERNED, RATHER ADVERSE CURRENT ECONOMIC CONDITIONS PREVAIL (SEE PRETOYA A-87 DATED JUNE 29, 1976).

FORECASTS ARE HOWEVER THAT GIVEN REASONABLE POLITICAL STABILITY THE SOUTH AFRICAN ECONOMY SHOULD RESUME ITS STRONG GROWTH IN 1977 AND SHOULD OFFER RENEWED OPPORTUNITIES FOR US EXPORTERS, PARTICULARLY OF CAPITAL GOODS THROUGH 1980.

DISTRIBUTORS, AGENTS AND MANUFACTURERS: WHILE IT IS DIFFICULT TO ACQUIRE A COMPLETE COUNT OF DISTRIBUTORS AND AGENTS OF THIS TYPE OF EQUIPMENT IN SOUTH AFRICA, A BRIEF SURVEY HAS INDICATED THAT THERE ARE MORE THAN 50 SUPPLIERS IN THE JOHANNESBURG AREA ALONE. AS JOHANNESBURG IS THE COMMERCIAL AND INDUSTRIAL CENTRE OF THE RSA, AND MOST COMPANIES OPERATE THEIR BRANCH-

ES FROM HEAD OFFICES SITUATED HERE, A REASONABLE ASSUMPTION WOULD BE THAT COUNTRY-WIDE THERE WOULD BE ABOUT 80 TO 100 FIRMS OPERATING IN THIS FIELD. THIS ONLY TAKES FIRMS DIRECTLY INVOLVED IN THE PRINTING AND RELATED INDUSTRY INTO ACCOUNT, AND DOES NOT INCLUDE THOSE CONCERNS WHO MIGHT MARKET PHOTOGRAPHIC EQUIPMENT USED IN GRAPHIC PROCESSES. SUPPLIERS AT WHICH SUCH A PRODUCT LITERATURE DISPLAY WOULD BE TARGETED WOULD THEREFORE BE IN EXCESS OF 100. THE MANUFACTURING INDUSTRY IN THIS SECTOR IS LIMITED, AND ONLY LESS SOPHISTICATED EQUIPMENT SUCH AS SINK UNITS AND WASHING EQUIPMENT IS MANUFACTURED LOCALLY. THERE ARE SIX FIRMS INVOLVED IN THIS AS FAR AS CAN BE ASCERTAINED.

END-USERS: MAJOR END USERS FOR PGA EQUIPMENT INCLUDE THOSE PUBLISHING DAILY AND WEEK-END NEWSPAPERS, AS WELL AS GENERAL INTEREST PERIODICALS AND THE TRADE AND INDUSTRY PRESS, VIZ. SOUTH AFRICAN ASSOCIATED NEWSPAPERS, THE ARGUS GROUP, PERSKOR, NATIONALE PERS, REPUBLICAN PUBLICATIONS, NATIONAL PUBLISHING COMPANY, SYSTEMS PUBLISHERS, MIMS (PTY) LIMITED, ABC PRESS, ASSOCIATED PRINTING AND PUBLISHING COMPANY AMONG OTHERS. AN INDICATION OF THE NUMBER OF PUBLICATIONS (THIS INCLUDES ALL TYPES UNCLASSIFIED

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SUCH AS GENERAL NEWSMEDIA, TRADE AND PROFESSIONAL JOURNALS AND MAGAZINES, COMMERCIAL AND FINANCIAL PUBLICATIONS, AND GENERAL FAMILY-TYPE PERIODICALS) AT PRESENT BEING PUBLISHED IN THE RSA, OBTAINABLE FROM LISTINGS IN THE SOUTH AFRICAN RATES AND DATA DIRECTORY PUTS THE TOTAL AT OVER ONE THOUSAND.

PUBLICATIONS PERTAINING TO PRINTING INDUSTRY: THERE ARE ONLY FOUR PUBLICATIONS CATERING SOLELY FOR THIS SECTOR OF INDUSTRY.

THESE ARE: GRAPHIX - PUBLISHED MONTHLY

PUBLISHERS: CAMPAIGN PUBLICATIONS, PO BOX 579, JOHANNESBURG 2000. CIRCULATION: 4000

S.A. PRINTER - PUBLISHED MONTHLY

PUBLISHERS: THOMSON PUBLICATIONS, PO BOX 8308, JOHANNESBURG 2000. CIRCULATION: 1100.

STATIONERY S.A. - PUBLISHED MONTHLY

PUBLISHERS: CAMPAIGN PUBLISHERS - AS ABOVE

CIRCULATION: NOT AVAILABLE

TYPOGRAPHICAL JOURNAL S.A. - PUBLISHED MONTHLY
PUBLISHERS: SOUTH AFRICAN TYPOGRAPHICAL UNION, PO BOX 1993,
PRETORIA 0001. CIRCULATION: 18,000.

(NOTE: L ALTHOUGH THIS IS A PUBLICATION TARGETED ALMOST ENTIRELY
AS MEMBERS OF THE TYPOGRAPHICAL UNION, INFORMED SOURCES ADVISE
THAT THIS IS THE MOST EFFECTIVE MAGAZINE WHERE ADVERTISING IS
CONCERNED. ADVERTISERS ARE ABLE TO REACH THE END-USER DIRECTLY,
WHO WILL THEN APPROACH AGENTS, DISTRIBUTORS OR ADVERTISERS SHOULD
THEY BE INTERESTED IN EQUIPMENT ADVERTISED).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ARTS, MARKET SURVEYS, PRINTING EQUIPMENT, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JOHANN01143
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760273-0001
From: JOHANNESBURG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760756/aaaabwzs.tel
Line Count: 182
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 JOHANNESBURG 400, 76 JOHANNESBURG A-58
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 27 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 FEB 2004 by ThomasVJ>; APPROVED <27 JAN 2005 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMERCIAL PROGRAM: UPDATE MARKET RESEARCH FOR PRINTING AND GRAPHIC ARTS (PGA) EQUIPMENT
TAGS: BEXP, ECON, EIND, SF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006